

Building Entrepreneurial Economies

Program Design and Grants Application Manual FY 2015

Department of Housing and Community Development
600 East Main Street, Suite 300
Richmond, VA 23219
804-371-7030

Grant availability announced: September 15, 2014
Applications accepted on CAMS starting: September 15, 2014
Last day applications accepted on CAMS: December 1, 2014
Grant awards announced: January 1, 2015



**VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT**
Partners for Better Communities

Building Entrepreneurial Economies (BEE) Grants Program Design

The BEE Program advances DHCD's small business strategy of encouraging the growth of place and community-based entrepreneurship in distressed communities and populations throughout Virginia. BEE provides funding to assist with the development of entrepreneurial ecosystems that foster job creation and expansion by micro-and small businesses and the tools and techniques that support place-based entrepreneurship.

Funding is available to non-profit organizations and local governments that plan and implement innovative, comprehensive, strategic and sustainable business development strategies that support local and regional asset-based economic development. DHCD seeks to invest in strategies and projects that support entrepreneurs developing businesses that are:

- **Micro or small in size** - micro businesses: 5 or fewer employees and requiring less than \$50,000 in capital to start-up, small businesses: up to 75 to 100 employees;
- **Community-based** with a local or regional focus;
- **Place-based** and difficult to outsource;
- **Tied to broader economic restructuring efforts** in areas that have faced chronic economic distress with limited business development infrastructure and limited markets as well as limited personal resources and credit; and,
- **Small scale and independent with limited business experience/expertise** requiring substantial professional guidance and support.

BEE Grant Products

Three grants are available to help non-profits and local governments:

- Encourage innovative local investment, service delivery and financing product development that results in micro/small business development and job creation;
- Significantly expands the availability of financing and other core services to underserved areas;
- Develop local and regional business development and support systems that strengthen micro/small businesses;
- Increase the availability Connect innovative regional community/economic development strategies; and,
- Support asset-based development strategies that build on local niche markets.

Planning Grants

Planning grants help develop organizational capacity to provide business development services that support local and regional asset-based economic development strategies. Planning grants allow organizations to assess market demand for services, research innovative means of providing business services and identify resource gaps (financial, staff, network) currently limiting the provision of business development services.

- **Grant size:** \$7,500
- **Grant timeline:** up to 3 months to achieve all proposed outcomes
- **Anticipated grant outcomes:** Well-researched and effective planning documents that fully describe local or regional business development strategies that can be implemented to

increase micro and small business start-up and expansion and job creation in distressed communities or populations.

Innovation Grants

Innovation grants are available to implement innovative micro and small business development ideas that advance entrepreneurial business practices in Virginia. Innovative ideas are those that have not and are not currently being implemented in Virginia. They may be brand new strategies never before used anywhere or strategies field-tested in other states/countries, but not yet used in Virginia. Adaptation of strategies recently or currently used in Virginia will require substantial modification and value added to be considered innovative.

- **Grant size:** Up to \$45,000
- **Grant timeline:** Up to 18 months to achieve all proposed outcomes
- **Anticipated grant outcomes:** The implementation of innovative business development strategies that increase micro and small business start-up and expansion and job creation in distressed communities and populations. In some cases, Innovation Grants may not lead to immediate business or job creation, but will result in practical outcomes likely to lead to business and job creation when shared with other communities and organizations in Virginia.

Implementation Grants

Implementation grants will help communities and organizations adopt and implement business development strategies that result in business start-up and expansion and job creation. Special consideration will be given to the implementation of innovative strategies successfully field-tested in other parts of Virginia.

- **Grant size:** Up to \$25,000
- **Grant timeline:** Up to 12 months to achieve all proposed outcomes
- **Anticipated grant outcomes:** The implementation of effective business development services using best practices that increase micro and small business start-up or expansion and job creation in distressed communities and populations.

BEE funds **are not available** for continuing operations, program administration, payroll, debts or any other operational expenses. Funds are not available for predictable organizational expenses for which the organization could have reasonably planned (ex. general marketing materials, website updates, financial management expenses, etc.). Funds may not be simply “passed through” the grantee to 3rd parties.

Building Entrepreneurial Economies (BEE) Grants Application Manual

Instructions for Application Submission

Please note that applications must be submitted electronically through the Agency's Centralized Application and Management System (CAMS). To access CAMS, visit the website at www.dhcd.virginia.gov and click on the CAMS icon in the upper-right hand corner.

Internet Explorer 8.0 or Chrome are the recommended browsers for CAMS. Remember to SAVE often.

Submission Requirements

All grant proposals and supporting documentation must be submitted on CAMS by 11:59 PM on December 1, 2014. Proposals not submitted accordingly may be disqualified. Applicants must submit completed responses to all appropriate questions and include all required attachments.

Applicants are invited and encouraged to discuss their concepts and ideas with DHCD prior to submitting applications in CAMS.

Grant Eligibility

Non-profit organizations and local and regional governments are eligible to apply for BEE grants.

Characteristics of a Strong Application

A strong application will clearly explain how the proposed project is an effective micro or small business development strategy. The project will support the economic and community development vision of the local or regional community, will clearly align with the applicant's mission and strategic goals and will be thoroughly researched and planned.

Grant Payment

Grant funds will be paid upon completion of agreed upon project milestones. Milestones will be negotiated and included in a memorandum of understanding that will be signed by both DHCD/BEE and the grantee prior to the start of the project.

Leverage Requirement

All proposals must provide a **minimum of 1:1 leverage**. In-kind services provided by local government, consultants and other stakeholders and partners may be included. Time contributed solely to the implantation of the proposed strategy by volunteers may be included. Volunteer hours are calculated at \$24.49 per hour (https://www.independentsector.org/volunteer_time).

Scoring

Grant proposals will be scored on a 0-100 point scale. Up to 70 of 100 points will be awarded based on the proposal's general alignment with the BEE program. Up to 30 of 100 points will be awarded based on response to questions that are unique for each of the BEE grant categories. Funding is limited and will be awarded for proposals scoring greater than 70 points starting at the highest score and continuing down the list until funds are exhausted. The proposal scoring methodology is included in Appendix A.

Audit Requirements

DHCD has instituted an agency-wide audit policy. Contracts or MOUS signed after July 15, 2014 must comply with this policy. All grantees, sub-grantees, CHDOs, and sub-recipients, localities, developers, or any other organizations that receive funding during a specific program year and or have projects in progress are required to submit one of the following financial documents: Financial Statement, Reviewed Financial Statement prepared by an independent Certified Public Accountant (CPA), Audited Financial Statement prepared by an independent CPA or an OMB A-133 Audit (Single Audit) prepared by an independent CPA.

The following table indicates the minimum documentation required based on the organization's annual expenditures.

Threshold Requirement	Document
Total annual expenditures \leq \$100,000 – regardless of source	Financial Statement prepared by organizations**
Total annual expenditure between \$100,001 and \$300,000 – regardless of source	Reviewed Financial Statement prepared by an Independent Certified Public Accountant (CPA)
Total annual expenditures > \$300,000 – regardless of source	Audited Financial Statement prepared by an Independent CPA
Federal expenditures \geq \$500,000 (increases to \$750,000 as of January 2015)	A-133 Audit (Single Audit) prepared by an Independent CPA

** Does not require preparation by a CPA

Application Instructions

The application on CAMS will require the applicant to:

1. Provide a description of the proposed strategy and the geographical area and population that will be served.
2. Describe how the proposed strategy supports the community's economic and community development vision.
3. Provide the organization's mission and strategic goals as well as a list of the current board members.
4. Upload multiple supporting documents as attachments.

Strategy Description

Enter the following information into the relevant text box in CAMS. Please limit responses to no more than 500 words per text box (about one written page).

1. Provide a detailed description of the proposed micro and small business development strategy and its intended outcomes. Fully describe:
 - a. quantitative (measureable) outcomes – examples may include hours of technical assistance delivered, total number and dollar amount of micro-loans disbursed, number of businesses started or expanded, jobs created, etc.)
 - b. qualitative (non-measurable) outcomes – examples may include improvement in quality of life indicators, improved appearance in historic downtown commercial districts, etc.
2. Describe the community or population that will be served by proposed strategy.
3. Describe how the proposed strategy supports the local or regional community's vision for economic and community development.
4. Describe how the proposed strategy will align with other economic and community development initiatives in the community including those affiliated with (1) DHCD, (2) non-DHCD federal or state agencies, (3) regional or local entities (governments, foundations, initiatives, etc.), and (4) the private sector and community.

Applicant Leadership

Enter the following information into the relevant text box in CAMS. Please limit responses to no more than 500 words per text box (about one written page).

1. Community's **Vision** for micro and small business development.
2. Organization's **Mission Statement** (if micro/small business development are one program of a larger organization, please describe the mission or purpose of the micro/small business development program).
3. Strategic Plan that lists the organization's priority **goals** for micro and small business development.
4. List of all micro and small business development **services** currently provided.
5. A list of current board members and committee chairs (if applicable).

Project Implementation Capacity

Upload the following documents as attachments in CAMS.

1. **Project Work Plan** – Provide an effective and appropriate work plan for the project that includes tasks, responsible individuals, timeline and budget.
2. **Mini-Resumes** - Provide “mini-resumes” that describe the project related expertise of each individual/organization listed on the work plan. No more than one paragraph of relevant information per individual/organization.
3. **Budget** – Provide the following budget information:
 - a. **Project Budget** – Provide a project budget that includes all project related line items for expenditures and all project related line items for funding sources.
 - b. **Leverage Verification** – Provide verification of leverage funds including contracts, memorandums of understanding/agreements, award letters, and other documentation that confirms the commitment of other resources for the project. Include documentation and calculations for in-kind contributions and volunteer hours.

Grant Specific Questions

Applicants must identify if they are applying for a BEE Planning Grant, Innovation Grant or Implementation Grant and address the following grant specific questions. Enter the following information into the relevant text box on CAMS. Please limit responses to no more than 500 words per text box (about one written page).

Planning Grants –

1. Describe the existing micro and small business development services available in the community or for the population targeted for new micro and small business development services.

Innovation Grants –

1. Describe the uses, successes and challenges of the proposed micro and small business development strategy if it is currently being used elsewhere.
2. Describe the potential for the proposed strategy to be “ramped-up” to serve more micro and small businesses in the targeted community or population in the future.
3. Describe how the proposed strategy will be sustained after BEE funding is exhausted.

Implementation Grants –

1. Describe how the proposed micro and small business development strategy will be sustained once BEE funds are exhausted.

APPENDIX A

Review and Scoring of BEE Proposals

BEE grant proposals will be scored by a team of reviewers using the following questions and scored using a modified Likert scale. Grant proposals will be scored on a 0-100 point scale. Up to 70 of 100 points will be awarded based on the proposal's general alignment with the BEE program. Up to 30 of 100 points will be awarded based on response to questions that are unique for each of the BEE grant categories. Funding is limited and will be awarded for proposals scoring greater than 70 points starting at the highest score and continuing down the list until funds are exhausted. Scores from all reviewers will be averaged to determine an application's final score. If the reviewers agree that not enough information was provided to score any one of the questions, the reviewers will stop reviewing the application and will withdraw the application from consideration for funding.

General Review Questions:

1. *I am very confident that the proposed project has identified reasonable quantitative and qualitative goals for the proposed micro and small business development strategy that can be achieved within the grant period and that these goals align with the BEE program goals.*

Strongly Disagree (0) Disagree(3) Neutral(5) Agree(7) Strongly Agree(10)

2. *I am very confident that the proposed project is catalytic initiative that clearly aligns with the local or regional community's vision for economic and community development.*

Strongly Disagree (0) Disagree(3) Neutral(5) Agree(7) Strongly Agree(10)

3. *I am very confident that this project directly relates to and supports the core mission and strategic goals of the applicant organization.*

Strongly Disagree (0) Disagree(3) Neutral(5) Agree(7) Strongly Agree(10)

4. *I am very confident that project work plan is appropriate, well thought-out and includes all of the information necessary to ensure the timely completion of the proposed project.*

Strongly Disagree (0) Disagree(3) Neutral(5) Agree(7) Strongly Agree(10)

5. *I am very confident that the persons and organizations with roles and responsibilities for this project have a level of expertise and capacity necessary to implement the proposed project.*

Strongly Disagree (0) Disagree(3) Neutral(5) Agree(7) Strongly Agree(10)

6. *I am very confident that the proposed project budget was well researched and is accurate, that the proposed leverage meets or exceeds the 1:1 minimum requirement and that leverage funds are sufficiently secured (by letters of intention) to ensure that along with BEE funds there are enough identified financial resources to complete the proposed project on time.*

Strongly Disagree (0) Disagree(3) Neutral(5) Agree(7) Strongly Agree(10)

7. *I am very confident that proposed project represents an aligning and effective layering of available micro and small business development resources provided by (1) DHCD, (2) non-DHCD federal/state programs, (3) local and regional partners and (4) the private sector and community.*

Strongly Disagree (0) Disagree(3) Neutral(5) Agree(7) Strongly Agree(10)

Planning Grants Only

1. *I am very confident that the applicant is proposing to research the development of a needed and potentially valuable micro and small business development strategy not already effectively provided to the target community/population by an established entity.*

Strongly Disagree (0) Disagree(3) Neutral(5) Agree(7) Strongly Agree(10)

Innovation and Implementation Grants Only

1. *I am very confident that the applicant will be able to sustain the proposed new micro and small business development strategy once the BEE funding is exhausted.*

Strongly Disagree (0) Disagree(3) Neutral(5) Agree(7) Strongly Agree(10)